

LEGISLATIVE RESEARCH COMMISSION

WATER ISSUES



REPORT TO THE  
1997 GENERAL ASSEMBLY  
OF NORTH CAROLINA

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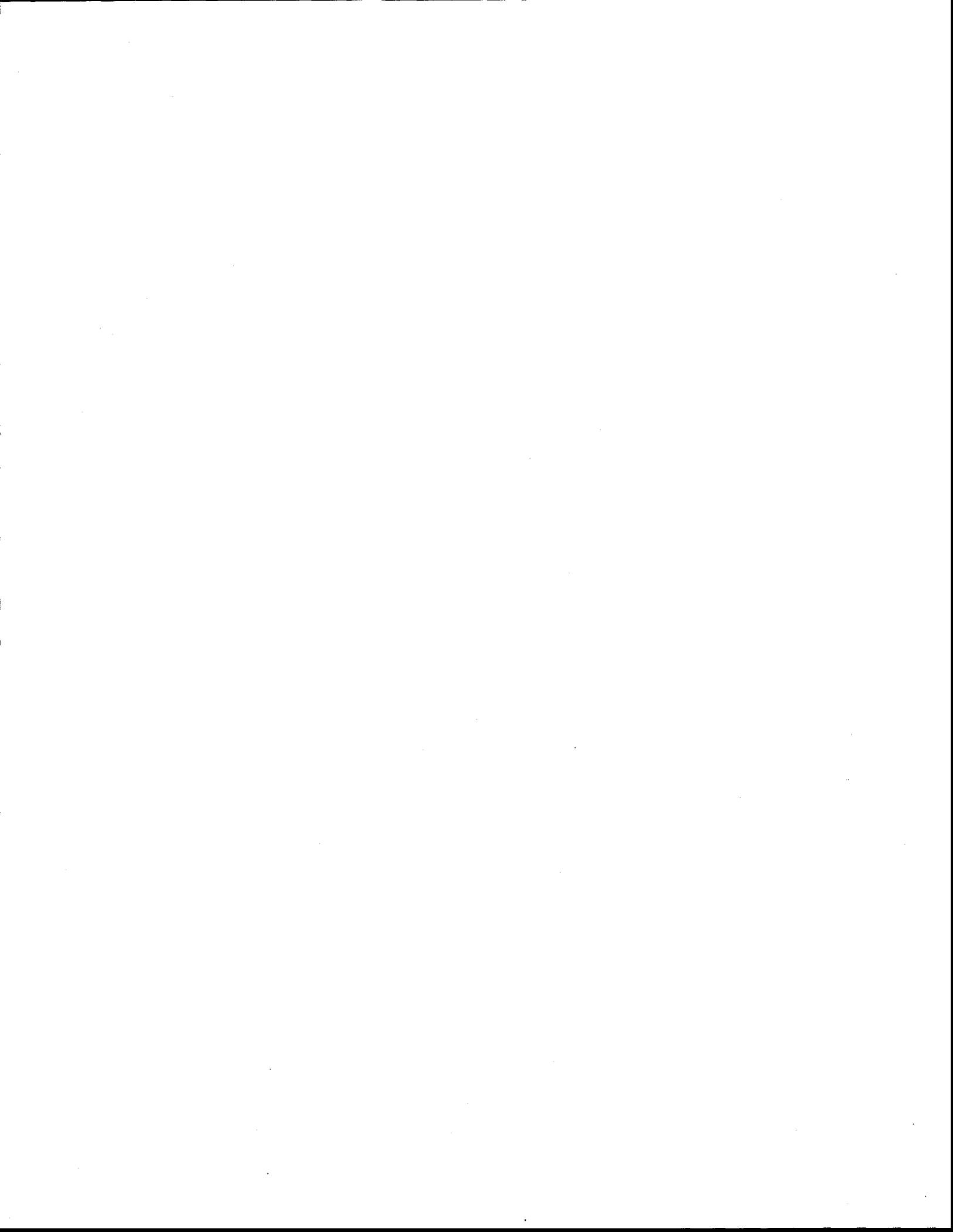
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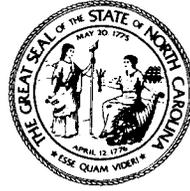
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STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING  
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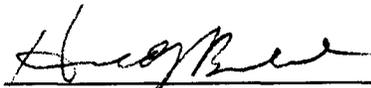


January 15, 1997

TO THE MEMBERS OF THE 1997 GENERAL ASSEMBLY:

The Legislative Research Commission herewith submits to you for your consideration its final report on water conservation and drinking water issues. The report was prepared by the Legislative Research Commission's Committee on Water Issues pursuant to G.S. 120-30.17(1).

Respectfully submitted,

  
\_\_\_\_\_  
Harold J. Brubaker  
Speaker of the House

  
\_\_\_\_\_  
Marc Basnight  
President Pro Tempore

Cochair  
Legislative Research Commission





1995-1996

LEGISLATIVE RESEARCH COMMISSION

MEMBERSHIP

President Pro Tempore of  
the Senate  
Marc Basnight, Cochair

Senator Frank W. Ballance, Jr.  
Senator R. L. Martin  
Senator Henry McKoy  
Senator J. K. Sherron, Jr.  
Senator Ed N. Warren

Speaker of the House  
of Representatives  
Harold J. Brubaker, Cochair

Rep. Jerry C. Dockham  
Rep. Larry Linney  
Rep. Edd Nye  
Rep. Gregory J. Thompson  
Rep. Constance K. Wilson

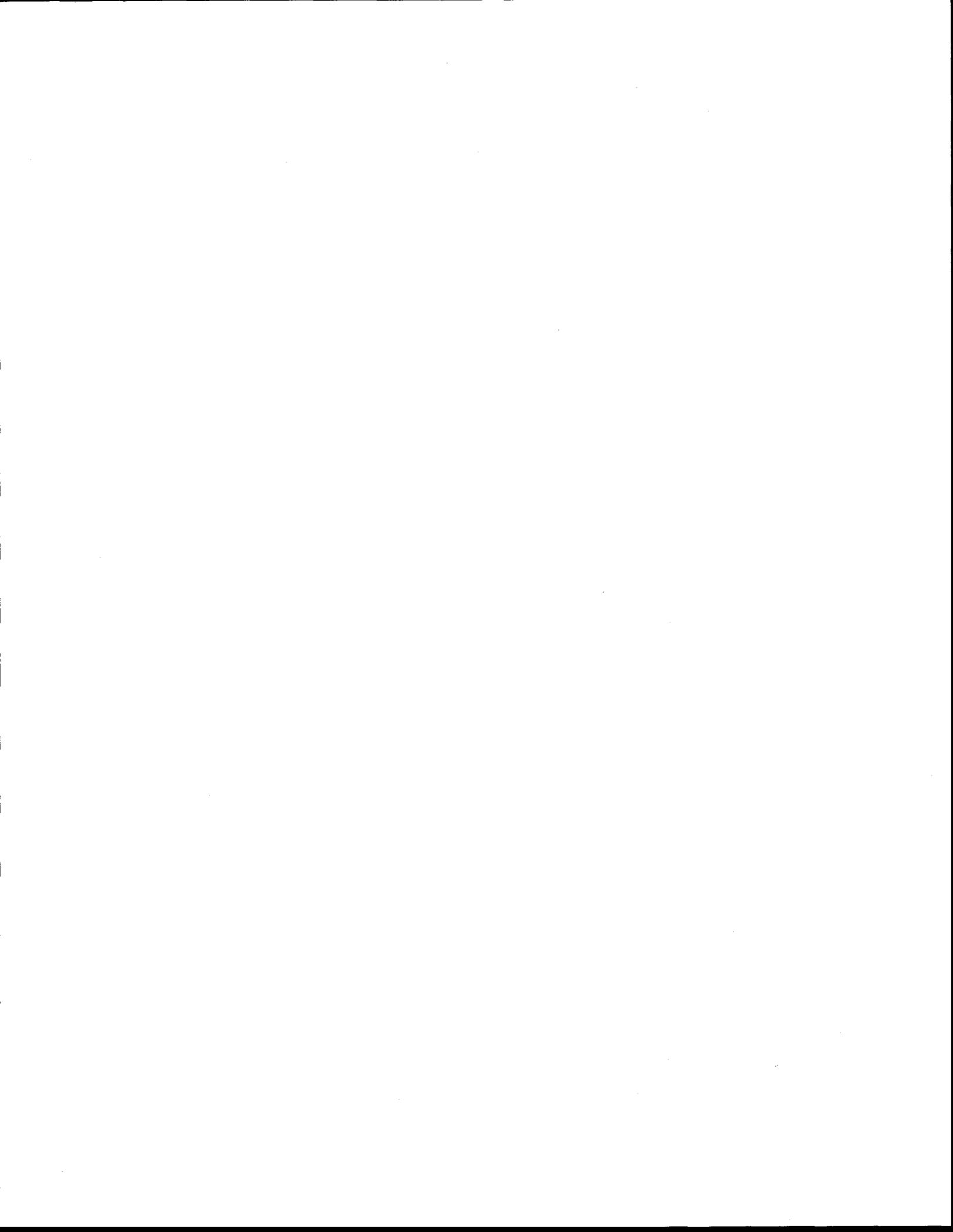


## PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is the general purpose study group in the Legislative Branch of State Government. The Commission is cochaired by the Speaker of the House and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

The Legislative Research Commission, prompted by actions during the 1995 Session, has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Cochairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Cochairs, one from each house of the General Assembly, were designated for each committee.

The study of the drinking water testing requirements and costs under the federal Safe Drinking Water Act was authorized by Part II, Section 2.1 (22) of Chapter 542 of the 1995 Session Laws. That section also authorized the study of water conservation. House Joint Resolution 46, Senate Joint Resolution 95 and House Bill 930 were considered in determining the nature, scope and aspects of the study. The relevant portions of the above-cited legislation are included in Appendix A. The Legislative Research Commission authorized this study under authority of G.S. 120-30.17(1) and grouped this study in its Environment Grouping area under the direction of Senator Henry E. McKoy. The Committee was chaired by Senator James D. Speed and Representative Cary D. Allred. The full membership of the Committee is listed in Appendix B of this report. A committee notebook containing the committee minutes and all information presented to the committee is filed in the Legislative Library.



## INTRODUCTION

Monitoring the safety of public water supply systems is not a new concept in North Carolina. The State initiated its first public water supply program in 1911. At the national level, the federal government set the first drinking water standards in 1914. Although the federal standards initially applied only to interstate carriers, North Carolina adopted these standards for public water supply systems in 1962. The original standards included 16 contaminants and the State charged an annual fee ranging from \$15 to \$64 to cover the cost of the analyses.

In 1974, Congress enacted the Safe Drinking Water Act.(SDWA).<sup>1</sup> Administration of the act was vested in the U.S. Environmental Protection Agency (EPA). The SDWA required all public water systems to test for the 16 contaminants previously listed and directed the EPA to develop standards for more contaminants. By 1980 standards had been set for only 7 additional contaminants; six pesticides and trihalomethanes. In 1986 the SDWA came up for reauthorization. Reflecting congressional unhappiness with the slow pace of setting additional drinking water standards, the 1986 reauthorization of the Act listed 83 new contaminants and directed the EPA to develop standards for these contaminants within three years. EPA was also directed to develop standards for an additional 25 contaminants every three years. To date, EPA has developed or proposed standards for 88 contaminants.

The 1986 reauthorization of the SDWA substantially increased the regulatory burden on public water supply systems, especially small community water systems. Community water systems are those that serve at least 15 connections or 25 year round residents.<sup>2</sup> Small water systems serve 3,300 or fewer people. In North Carolina there are 2,637 community water supply systems of which 2,437 are small systems. Few states, notably Texas, have so many small water systems. The new drinking water regulations not only required additional testing for the newly listed contaminants, but this testing also resulted in dramatically increased testing costs, due to the increased sophistication and frequency of the new tests. This increase in testing costs provoked a serious outcry from the regulated community across the nation. The extant study committee was one response, at the State level, to the demand for relief.

During the interim between the 1995 long and short sessions, this Committee heard extensive testimony regarding the devastating economic impact of the drinking water testing requirements. The Committee considered a variety of options that had potential to alleviate the problem including regulation of private laboratory test charges, expansion of the State Laboratory to perform the required drinking water tests, and expansion of the program initiated by the

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<sup>1</sup> P.L. 93-253, as amended.

Division of Environmental Health (DEH) to obtain waivers from EPA for some testing requirements. The Committee was encouraged, however, to delay substantive action until Congress had had an opportunity to complete its work on the Safe Drinking Water Act Amendments of 1996<sup>3</sup> which proposed, on the federal level, to address many of the problems that faced the industry. For this, among several reasons, the Committee chose to propose legislation to the General Assembly that would have provided additional funding for DEH's waiver program and that would have restricted DEH's ability to set standards in excess of federal requirements. The General Assembly chose to direct DEH to pursue waivers from EPA, but without the funding requested.

Since the adjournment *sine die* of the 1995 General Assembly, the SDWA Amendments Act has been signed into law.<sup>4</sup> As hoped, the new legislation does address many of the concerns of the small community water systems and provides the states with needed flexibility in working with those water systems. Among the many provisions contained in the SDWA Amendments of 1996, those with the most impact on the small water systems include:

1. Repeal of the requirement that EPA add an additional 25 contaminants every three years. EPA must now choose contaminants to regulate upon the determination that the contaminants have an adverse impact on public health and are known to occur or are substantially likely to occur at a level that would affect public health. Other factors that must be considered in contaminant selection and standard setting include risk and cost benefit analysis. The list of contaminants for which regulations had been promulgated as of 1986 remains in effect.
  
2. Relief from monitoring requirements for water systems serving less than 10,000 people. States may waive quarterly monitoring requirements on a temporary basis for a small system where (1) initial sampling does not detect the presence of a contaminant and (2) it is unlikely that the contaminant would be present in the system's water supply. The waivers do not apply to testing for microbial contaminants, disinfectants and byproducts of disinfection, or corrosion byproducts. The waivers remain in effect until 1999 or when permanent monitoring relief is in place, whichever comes first. This permanent relief may be granted if the State develops an approved Source Assessment Program.

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<sup>2</sup> G.S. 130A-313(10).

<sup>3</sup> S.1316

<sup>4</sup> PL 104-182.

3. Development by EPA of a list of affordable technologies for various sizes of small water systems. EPA must also identify variance technologies for use where affordable technologies are not available. Variance technologies are those technologies that might not obtain compliance with the maximum contaminant level for a substance, but would achieve a maximum reduction given the size of a system and the water source. States may grant variances to systems serving fewer than 3,300 persons that are unable to afford standard technologies if they are able to identify a variance technology listed by EPA and install and operate the technology under approved methods.

4. Federal funding for state loan programs to protect public health and to assist water systems with compliance. States will be expected to provide 20% in matching funds.<sup>5</sup>

EPA and the states are now in the process of promulgating the rules and guidelines pursuant to the 1996 SWDA amendments. Further review of the issues and problems discussed during the course of this study may be warranted as the new regulatory program is implemented.

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<sup>5</sup> See Appendix C



## COMMITTEE PROCEEDINGS

*November 21, 1996*

At the first meeting, the Committee heard an extensive presentation by Jessica Miles, Chief of the Water Supply Assistance Section, Water Resources Division of the Department of Environment, Health, and Natural Resources. Ms. Miles noted that the Division's goal was to promote water conservation and demand management as vital components of a water supply system's planning and management. The Division's efforts are focused on three primary areas: water shortage planning, water loss reduction activities, and local water supply plans. To assist water systems with their conservation planning efforts, the Division acts as a water conservation clearinghouse providing educational materials, conducting workshops and training seminars, providing water shortage response planning and leak detection assistance and implementing pilot projects. Ms. Miles also noted that the local water supply plans submitted to the Division pursuant to G.S. 143-355(l), which reflect conditions as of 1992, project that by the year 2020 the current water supply could be insufficient in 32% of the systems in the Division's database. The causes of the insufficiencies vary with the system and include inadequate sources of water as well as inadequate infrastructure.

The next speaker was Ms. Linda Sewall, Director of the Division of Environmental Health. Ms. Sewall updated the Committee on the progress being made with State's efforts to both obtain waivers from EPA under the SDWA and to assist small water systems with obtaining available waivers. (See Appendix C) Over 2,100 systems have now obtained waivers that would require them to monitor only once every three years for organic chemicals. That is an increase of 1,335 systems over last year. In addition, a substantial number of systems that were doing annual monitoring (reduced from quarterly) were able to further reduce their monitoring and move to a three-year cycle.. These increases were brought about through the initiative of the Committee. With respect to monitoring for inorganics, some 1,000 systems with 1,400 entry points have had their monitoring frequency requirement reduced from every three years to every nine years. Ms. Sewall also noted that the Division was pursuing a reduction in monitoring requirements for transient, non-community water systems (ie churches, motels) for coliform. DEH has proposed that if the quarterly samples in the first year are good, these systems could reduce their monitoring frequency to once per year. This would save these water systems approximately \$300,000 per year.

The last speaker was Barbara Riley, Committee Counsel. Ms. Riley explained the highlights of the Safe Drinking Water Act Amendments of 1996 to the Committee. The Commission then discussed their proposed report to the Legislative Research Commission and directed counsel to include a finding that the issues involved under the SDWA merit further study and a recommendation that the study committee continue its work.

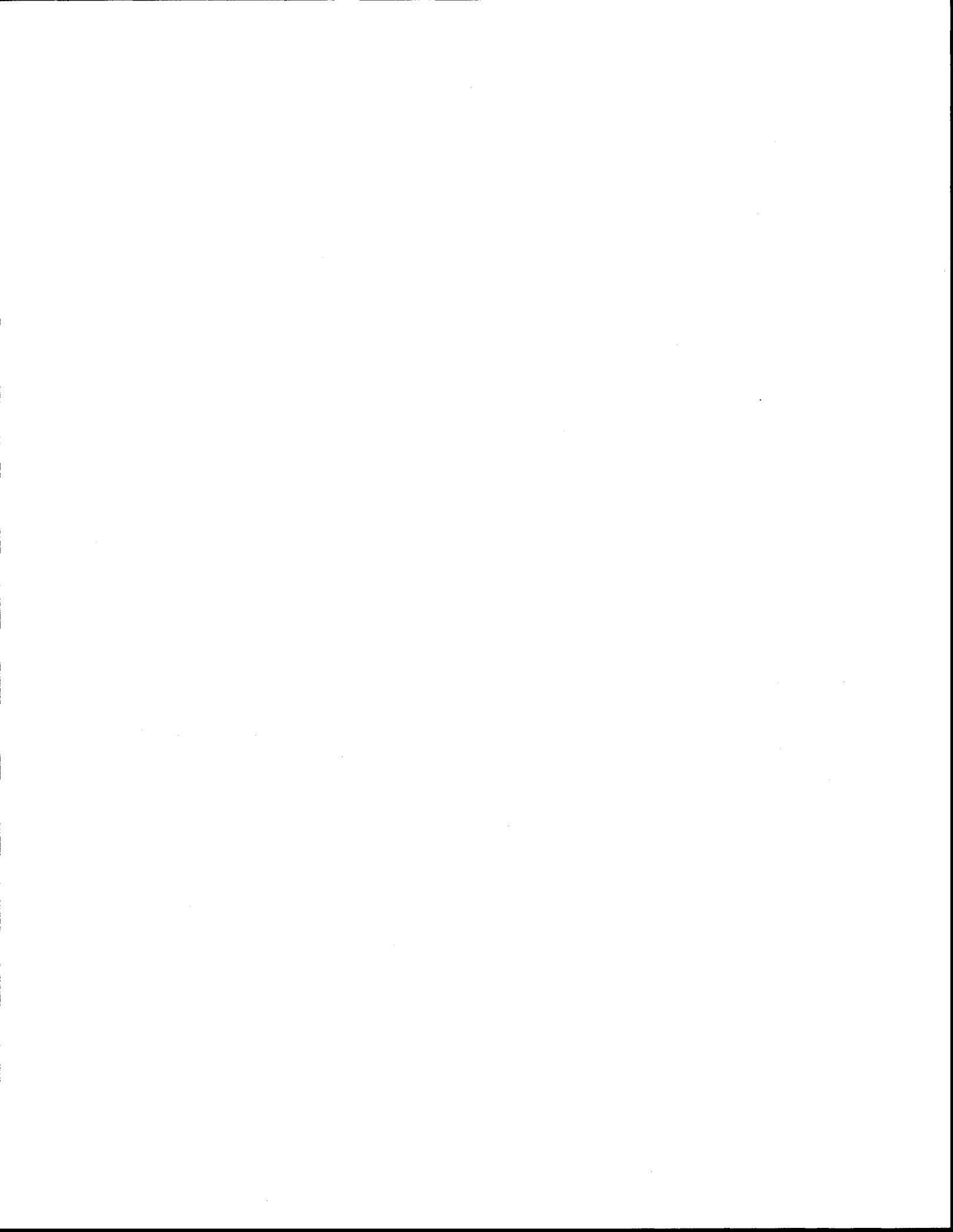
*December 18, 1996*

The Committee met on December 18, 1996 to review the draft report. Members of the Committee, including the CoChairmen Representative Allred and Senator Speed, and Representative Tolson spoke of the favorable response they had received from small water system operators who had been helped through the efforts of the Committee. Senator Speed commented on the fact that the problems were widespread and that the waivers had provided relief. He expressed optimism that further waivers and other types of relief would become available. Upon motion of Representative Tolson, the report was accepted for transmittal to the Legislative Research Commission.

## FINDINGS AND RECOMMENDATIONS

Based upon the foregoing proceedings, the Committee makes the following findings and recommendations.

1. The Committee finds that the Division of Environmental Health's efforts to obtain waivers and to assist small community water systems to obtain available waivers has been very effective at reducing the costs of compliance with the safe drinking water standards and testing requirements. Legislation proposed by this Committee and enacted in part during the 1996 Regular Session of the 1995 General Assembly has enhanced this effort on the part of DEH and should result in additional savings in excess of \$3,332,000 over the next three years.
2. The Committee finds that the Safe Drinking Water Act Amendments of 1996 will substantially change the regulatory program for the nation's public water supply systems. States will have increased flexibility to work with small community water systems, including the use of monitoring waivers and technology variances. The Committee believes that given the complexity of the problems created by the requirements of the 1986 reauthorization of the SDWA and the scope of the changes contained the 1996 amendments, that continued study of the issues is warranted. Further, because the vast majority of the Committee's time was devoted to the monitoring and testing requirements of the SDWA, there remain additional issues in this subject area that the Committee believes need to be addressed including water conservation, the water supply system infrastructure, and other water supply and water quality issues. The Committee therefore recommends to the 1997 General Assembly **A BILL TO BE ENTITLED AN ACT TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION TO CONTINUE ITS STUDY OF WATER ISSUES.**



## APPENDIX A

### CHAPTER 542

AN ACT TO AUTHORIZE STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, TO CREATE AND CONTINUE VARIOUS COMMISSIONS, TO DIRECT STATE AGENCIES AND LEGISLATIVE OVERSIGHT COMMITTEES AND COMMISSIONS TO STUDY SPECIFIED ISSUES, TO MAKE VARIOUS STATUTORY CHANGES, AND TO MAKE TECHNICAL CORRECTIONS TO CHAPTER 507 OF THE 1995 SESSION LAWS.

The General Assembly of North Carolina enacts:

#### PART I.-----TITLE

Section 1. This act shall be known as "The Studies Act of 1995".

#### PART II.-----LEGISLATIVE RESEARCH COMMISSION

Sec. 2.1. The Legislative Research Commission may study the topics listed below. When applicable, the 1995 bill or resolution that originally proposed the issue or study and the name of the sponsor is listed. The Commission may consider the original bill or resolution in determining the nature, scope, and aspects of the study. The topics are:

- (22) Water issues:
- a. Water issues (S.B. 95 - Albertson; H.B. 46 - Ives)
  - b. Drinking water tests (H.B. 930 - Allred)
  - c. Water conservation measures to reduce consumption (Sherron)

Sec. 2.8. Committee Membership. For each Legislative Research Commission committee created during the 1995-96 biennium, the cochairs of the Legislative Research Commission shall appoint the committee membership.

Sec. 2.9. Reporting Dates. For each of the topics the Legislative Research Commission decides to study under this act or pursuant to G.S. 120-30.17(1), the Commission may report its findings, together with any recommended legislation, to the 1996 Regular Session of the 1995 General Assembly, if approved by the cochairs, or the 1997 General Assembly, or both.

Sec. 2.10. Bills and Resolution References. The listing of the original bill or resolution in this Part is for reference purposes only and shall not be deemed to have incorporated by reference any of the substantive provisions contained in the original bill or resolution.

Sec. 2.11. Funding. From the funds available to the General Assembly, the Legislative Services Commission may allocate additional monies to fund the work of the Legislative Research Commission....

Sec. 21.3. The Commission may develop, among other proposals, a plan for the orderly privatization of designated services and functions.

Sec. 21.4. The Commission shall submit a final report of its findings and recommendations to the 1997 General Assembly by filing the report with the President Pro Tempore of the Senate and the Speaker of the House of Representatives on or before January 15, 1997. The Commission may also submit an interim report of its findings and recommendations to the 1996 Regular Session of the 1995 General Assembly by filing the report with the President Pro Tempore of the Senate and the Speaker of the House of Representatives on or before May 15, 1996. Upon filing its final report to the 1997 General Assembly, the Commission shall terminate.

Sec. 21.5. The Commission, while in the discharge of official duties, may exercise all the powers provided for under the provisions of G.S. 120-19, and G.S. 120-19.1 through G.S. 120-19.4. The Commission

may meet at any time upon the joint call of the cochairs. With the approval of the Legislative Services Commission, the Commission may meet in the Legislative Building or the Legislative Office Building.

Sec. 21.6. Members of the Commission shall receive per diem, subsistence and travel expenses at the rates authorized by law.

Sec. 21.7. The Commission may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02. The Legislative Services Commission, through the Legislative Administrative Officer, shall assign professional staff to assist in the work of the Commission. The House of Representatives' and the Senate's Supervisor of Clerks shall assign clerical staff to the Commission, upon the direction of the Legislative Services Commission. The expenses relating to clerical employees shall be borne by the Commission.

Sec. 21.8. Upon request by the Commission or its staff, a State department or agency, a local government, or a subdivision of either shall furnish the Commission with any information in its possession or available to it.

Sec. 21.9. The Legislative Services Commission may allocate funds to the Commission for the study authorized under this Part....

**PART XXVI.-----EFFECTIVE DATE**

Sec. 26.1. This act is effective upon ratification.

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1995

S

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SENATE JOINT RESOLUTION 95

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Sponsors: Senators Albertson; Blackmon and Carpenter.

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Referred to: Appropriations.

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January 31, 1995

1 A JOINT RESOLUTION AUTHORIZING THE LEGISLATIVE RESEARCH  
2 COMMISSION TO STUDY WATER ISSUES.

3 Be it resolved by the Senate, the House of Representatives concurring:

4           Section 1. The Legislative Research Commission may study issues  
5 relating to surface water and groundwater including the following: watershed  
6 protection, federal and State testing and monitoring requirements for drinking water  
7 supplies, and the possibility of reclaiming wastewater and using that reclaimed water  
8 as appropriate for applications that do not require drinking water supplies. The  
9 Commission may further study any other issues relevant to the State's water  
10 resources.

11           Sec. 2. The Legislative Research Commission may make its  
12 recommendations and submit an interim report to the 1995 General Assembly,  
13 Regular Session 1996, and may make a final report to the 1997 General Assembly.

14           Sec. 3. This resolution is effective upon ratification.



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

H

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HOUSE JOINT RESOLUTION 46

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Sponsors: Representatives Ives.

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Referred to: Rules, Calendar, and Operations of the House.

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January 30, 1995

1 A JOINT RESOLUTION AUTHORIZING THE LEGISLATIVE RESEARCH  
2 COMMISSION TO STUDY WATER ISSUES.

3 Be it resolved by the Senate, the House of Representatives concurring:

4 Section 1. The Legislative Research Commission may study issues  
5 relating to surface water and groundwater including the following: watershed  
6 protection, federal and State testing and monitoring requirements for drinking water  
7 supplies, and the possibility of reclaiming wastewater and using that reclaimed water  
8 as appropriate for applications that do not require drinking water supplies. The  
9 Commission may further study any other issues relevant to the State's water  
10 resources.

11 Sec. 2. The Legislative Research Commission may make its  
12 recommendations and submit an interim report to the 1995 General Assembly,  
13 Regular Session 1996, and may make a final report to the 1997 General Assembly.

14 Sec. 3. This resolution is effective upon ratification.







**APPENDIX B**

**WATER ISSUES COMMITTEE  
MEMBERSHIP  
1995 - 1996**

**LRC Member:** Sen. Henry E. McKoy  
5300 Applegate Court  
Raleigh, NC 27609  
(919) 787-2927

**President Pro Tempore Appointments**

Sen. James D. Speed, Cochair  
Route 6, Box 542  
Louisburg, NC 27549  
(919) 853-2167

Mr. Melvin Daniels  
1618 Rochelle Drive  
Box 346  
Elizabeth City, NC 27907

Mrs. Frankie Harvey  
PO Box 110  
Rich Square, NC 27869

Mr. Vernon James  
Route 4, Box 251  
Elizabeth City, NC 27909

Sen. Donald P. Kincaid  
PO Box 988  
Lenoir, NC 28645  
(704) 758-8521

Sen. R.L. Martin  
126 Nelson Street  
PO Box 387  
Bethel, NC 27812  
(919) 825-4361

**Staff:**

Ms. Mona Moon  
Fiscal Research Division  
(919) 733-4910

Ms. Barbara Riley  
Research Division  
(919) 733 2578

**Speaker's Appointments**

Rep. Cary D. Allred, Cochair  
4307 Sartin Road  
Union Ridge  
Burlington, NC 27217-7522  
(910) 229-1980

Rep. Arlie F. Culp  
8521 US Hwy 64 East  
Ramseur, NC 27316  
(910) 824-2218

Rep. Howard J. Hunter, Jr.  
PO Box 506  
Murfreesboro, NC 27855  
(919) 398-5630

Rep. William M. Ives  
PO Box 829  
Brevard, NC 28712  
(704) 884-4458

Rep. W. Franklin Mitchell  
734 Olin Road  
Olin, NC 28660  
(704) 876-4327

Rep. E. Norris Tolson  
Route 1, Box 222  
Pinetops, NC 27864  
(919) 827-4639

**Clerk:**

Ms. Jane M. Bagley  
(919) 733-5653



**DRINKING WATER STATE REVOLVING FUND  
SUMMARY**

- Establishment** EPA is required to enter into agreements with eligible States to make capitalization grants to further the health protection objectives of the Safe Drinking Water Act (SDWA). A total of \$9.6 billion - \$599 million in FY94 and \$1.0 billion annually - is authorized in FY's 95-2003. To be eligible to receive a grant, a State must establish a drinking water treatment revolving loan fund and comply with other requirements of this section.
- Allotment and Eligibility** Through fiscal year 1997, funds will be allotted by the formula used to distribute federal grants to States for drinking water program implementation ("public water supply supervision program"). A minimum grant amount of 1% will be available for all States, including Wyoming and DC. Up to 0.33% is available for allotment to other specified areas (Virgin Islands, Guam, et.al). Funds for FY98 and beyond will be allotted based on the results of the most recent Drinking Water State Revolving Funds (DWSRF) needs survey. Eligible systems are community water systems and non-profit non-community water systems. No loans can be made to Federal systems.
- Link to Primacy** States that lose primacy in the future, except for Wyoming, will not be eligible for DWSRF grants.
- Link to Capacity Development** EPA is required to withhold DWSRF funds from States that do not set up capacity development programs (20% of DWSRF grant starting in FY99 for new system authority; and 10% in 2001, 15% in 2002, and 20% in 2003 for capacity development strategies). Withholding for all capacity development purposes is capped at 20% total.
- Link to Operator Certification** EPA is required to withhold 20% of DWSRF funds if a State does not meet the requirement for operator certification programs within 2 years from the date guidelines are published (approximately spring 1999).
- Use of Funds** DWSRF funds can be used for loans, loan guarantees, source of reserve and security for leveraged loans (proceeds of which are placed in the DWSRF), and other uses as allowed in the Act. Funds may be used by a public water system only to "facilitate compliance with national primary drinking water regulations" and "significantly further the health protection objectives of this title." Small systems (fewer than 10,000 persons served) are to receive 15% of annual assistance from a State's DWSRF, to the extent such funds can be obligated for eligible projects. Disadvantaged systems may receive loan subsidies (including forgiveness of principal) up to 30% of a State's DWSRF annual assistance.

## DRINKING WATER STATE REVOLVING FUND SUMMARY

- Intended Use Plans** States must annually prepare, after providing for public review and comment, an Intended Use Plan that identifies how the DWSRF funds will be used. States must give highest priority to projects that address the most serious risks to public health, are necessary to achieve compliance, and assist systems most in need on a per household basis. Types of assistance which may be made using State loan funds are specifically defined.
- State Match** States must contribute an amount equal to 20% of the total federal contribution. State funds must be received on or before the date federal funds are received, except that States may delay the deposit of funds until no later than September 30, 1999 for grant payments made for fiscal years 1994-1997.
- Set Asides (Prior to allotment to States)** \$10,000,000 per year is reserved for health effects research and, starting in FY1998, \$2,000,000 per year for unregulated contaminant monitoring. An amount up to 2% of the funds appropriated may be reserved by EPA for technical assistance, and may be used to supplement other funds for technical assistance under the SDWA. EPA may use up to 1.5% of funds for grants to Indian Tribes and Alaska Native Villages for public water systems. Funds must also be reserved for operator training cost reimbursement if there is no separate appropriation.
- Other Uses of Funds (After allotment to States)** Up to 4% of State allotment may be used by the State for administration of the fund. An additional 2% may be used for small system technical assistance. Up to 10% may be used for a combination of the following: PWSS activities, State capacity development strategies, operator certification programs, and source water protection programs.
- Up to 15% may be used for a combination of the following: loans for acquisition of land or conservation easements, loans to implement voluntary source water protection measures; technical and financial assistance to water systems as part of a State capacity development strategy; delineations/assessments of source water protection areas; and establishment and implementation of wellhead protection programs. No single item can receive greater than 10%.

**DRINKING WATER STATE REVOLVING FUND  
SUMMARY**

<b>Combined Financial Administration</b>	Financial administration can be combined with other funds, such as the Clean Water Act DWSRF, as long as separate accounts are maintained. The authority to establish assistance priorities and oversight responsibilities will be carried out by the primacy agency.
<b>Transfer of Funds</b>	Anytime after one year after a State establishes a DWSRF, but prior to fiscal year 2002, the Governor of a State may transfer 33% of the funds in the DWSRF to the Clean Water SRF. The same dollar amount may be transferred from the Clean Water SRF to the DWSRF. Within 4 years, EPA must submit a report to Congress regarding implementation of the transfer provisions.
<b>Regulations and Guidance</b>	EPA is required to publish DWSRF regulations and guidance as necessary. (Draft SRF guidance was available on 10/4/96 and final SRF guidance is expected in Feb. 1997.) The regulations and guidance will address how States commit and expend allotted funds, use funds efficiently, prevent waste, fraud and abuse, and avoid the use of funds for expansion of public water systems. Guidance and regulations must also ensure that States and public water systems use accounting, audit, and fiscal procedures that conform to generally accepted accounting standards.
<b>Audits</b>	States are required to publish and submit to EPA a report every 2 years that describes program activities and expenditures and includes the most recent audit to the State's program. An audit will be conducted annually to assure adequate financial management of the program.
<b>Needs Survey</b>	EPA is required to perform an assessment of the capital improvement needs of all eligible public water systems, including Native American systems, and submit a report within 180 days of passage of the Act. Additional surveys will be conducted every 4 years thereafter.
<b>Water Conservation</b>	Within two years of enactment of the 1996 amendments to the SDWA, EPA must publish guidelines for water conservation plans. Within a year of publication of the guidelines, a State may, as a condition of receiving a DWSRF loan, require a water system to submit a water conservation plan.

# DWSRF CAPITALIZATION GRANTS FOR FY 1997

## BASED ON POTENTIAL FY 1997 APPROPRIATION OF \$1,275,000,000

INTERPRETS "AVAILABLE FUNDS" TO MEAN AMOUNT AFTER SET-ASIDES

September 30, 1996

STATE	POPULATION (20%)	AREA (10%)	CWS -- (56%) --	NTNCWS	TNCWS (14%)	ESTIMATED FINAL ALLOCATION	PERCENT OF AVAILABLE \$	
CT	3,276.8	5,544	607	1,029	2,947	21,408,200	1.70%	
ME	1,235.7	35,387	418	411	1,830	12,653,200	1.01%	
MA	6,011.4	10,555	516	290	810	14,344,600	1.14%	
NH	1,125.0	9,351	755	468	1,060	13,754,800	1.10%	
RI	987.9	1,545	88	70	312	12,558,800	1.00%	
VT	576.0	9,615	460	220	644	12,558,800	1.00%	
NJ	7,879.0	8,722	628	1,314	3,033	27,847,300	2.23%	
NY	18,181.5	54,475	3,128	824	6,763	59,167,700	4.71%	
PR	3,599.3	3,515	446	43	4	12,558,800	1.00%	
DC	578.0	68	2	0	0	12,558,800	1.00%	
DE	700.0	2,489	243	107	298	12,558,800	1.00%	
MD	4,965.0	12,407	509	510	2,534	17,640,900	1.40%	
PA	12,048.0	46,058	2,328	1,538	6,947	53,270,700	4.24%	
VA	6,491.0	42,769	1,556	808	1,888	29,442,400	2.34%	
WV	1,820.0	24,231	668	253	884	12,558,800	1.00%	
AL	4,185.5	52,423	607	86	185	12,558,800	1.00%	
FL	13,676.5	65,517	2,198	957	3,767	45,132,600	3.59%	
GA	6,917.0	59,441	1,652	352	689	25,775,000	2.05%	
KY	3,788.0	40,411	537	164	131	12,558,800	1.00%	
MS	2,638.2	48,406	1,287	128	191	16,474,200	1.31%	
NC	6,934.9	53,733	2,611	677	6,900	46,114,100	3.67%	
SC	3,643.0	32,007	779	312	550	14,821,500	1.18%	
TN	5,099.0	42,146	542	83	585	12,776,200	1.02%	
IL	11,897.0	57,918	1,868	644	3,986	38,502,500	3.07%	
IN	5,713.0	36,420	937	772	3,455	25,712,100	2.05%	
MI	9,465.1	96,776	1,516	2,436	11,431	59,681,100	4.75%	
MN	4,494.6	85,747	963	1,694	9,407	42,086,000	3.35%	
OH	11,091.0	44,828	1,523	1,198	6,672	43,073,000	3.43%	
WI	5,016.4	64,851	1,253	1,111	10,756	41,646,400	3.31%	
AR	2,424.0	53,182	718	74	657	12,558,800	1.00%	
LA	4,294.1	51,842	1,379	277	572	20,420,300	1.63%	
NM	1,502.3	109,069	625	148	508	12,759,800	1.02%	
OK	2,973.6	68,164	1,235	162	435	17,561,900	1.40%	
TX	18,028.5	268,801	4,641	854	1,619	70,153,900	5.59%	
IA	2,813.2	58,270	1,170	163	637	16,857,300	1.34%	
KS	2,528.3	82,235	921	85	119	14,098,000	1.12%	
MO	5,234.0	69,706	1,363	230	985	21,857,600	1.74%	
NE	1,601.8	77,257	630	256	543	12,824,000	1.02%	
CO	3,563.5	102,869	810	160	1,144	16,784,100	1.34%	
MT	300.8	138,904	694	219	980	14,826,200	1.18%	
ND	610.9	69,372	324	46	256	12,558,800	1.00%	
SD	655.5	89,180	486	33	317	12,558,800	1.00%	
UT	1,850.0	61,279	407	64	437	12,558,800	1.00%	
WY	465.1	94,867	314	106	350	12,558,800	1.00%	
AZ	3,766.2	82,584	851	282	666	16,538,300	1.35%	
CA	31,172.3	162,818	3,795	869	4,396	75,682,600	6.03%	
HI	1,172.0	10,932	127	16	7	12,558,800	1.00%	
NV	1,379.6	108,647	299	78	298	12,558,800	1.00%	
AK	597.7	656,288	517	0	954	27,039,000	2.15%	
ID	1,089.2	82,287	750	242	1,096	14,157,900	1.13%	
OR	3,019.7	97,185	928	330	1,507	18,920,500	1.51%	
WA	5,203.4	67,308	2,381	304	1,579	31,145,900	2.48%	
<b>STATE TOTALS</b>	<b>260,590.5</b>	<b>3,708,203</b>	<b>55,990</b>	<b>23,695</b>	<b>106,729</b>	<b>\$1,251,730,600</b>	<b>99.67%</b>	
						<b>OTHER JURISDICTIONS:</b>	<b>\$4,144,400</b>	<b>0.33%</b>
						<b>TOTAL FUNDS AVAILABLE:</b>	<b>\$1,255,875,000</b>	<b>100.00%</b>

SET-ASIDES:	
NATIVE AMERICANS AND ALASKAN	
NATIVE VILLAGES:	\$19,125,000
HEALTH RESEARCH:	\$0
MONITORING FOR UC:	\$0
<b>TOTAL APPROPRIATION:</b>	<b>\$1,275,000,000</b>

Other Jurisdictions include the Virgin Islands, American Samoa, Guam, the Northern Mariana Islands, and the Trust Territories of the Pacific. These Other Jurisdictions are eligible for a combined maximum of 1.3% of the funds available.

Alaska's Inventory DOES NOT include the Alaskan Native Villages.

# Organic Chemical Waiver Summary

(as of September 5, 1995)

	Number of systems being issued a waiver	Number of entry points being issued a waiver	Number of analyses being reduced over 3 years period (1993-1995)	Unit price for analysis	Estimated money saved during the first 3 years (1993-1995)	Estimated money saved during the next 3 years (1996-1998)
<b>Pesticides/SOCs/PCBs waiver issued<sup>(1)</sup></b>						
to monitor once every three years	799	1206	3	\$1,000	\$3,618,000	none
to monitor annually	709	787	1	\$1,000	\$787,000	none
to monitor quarterly for the detected contaminant(s)	186	215	none	\$200	\$172,000	none
<b>Dioxin waiver issued to systems <sup>(2)</sup> serving &lt;3301 population</b>	3,000 <sup>(3)</sup>	4,200 <sup>(4)</sup>	4	\$450	\$7,560,000	\$1,890,000
<b>Total Saving</b>					\$12,137,000	\$1,890,000

(1) Water systems must apply for the waiver to the State. Systems serving more than 3300 population were not eligible for the waiver.

(2) Water systems serving less than 3,301 population were granted a waiver automatically.

(3) Estimated number

(4) Based on the estimation that there is 1.4 entry point per system

# Organic Chemical Waiver Summary

(as of November 20, 1996)

	Number of systems being issued a waiver	Number of entry points being issued a waiver	Number of analyses being reduced over 3 years period (1993-1995)	Unit price for analysis	Estimated money saved during the first 3 years (1993-1995)	Estimated money saved during the next 3 years (1996-1998)
<b>Pesticides/SOCs/PCBs waiver issued<sup>(1)</sup></b>						
to monitor once every three years	2134	2871	3	\$1,000	\$8,613,000	none
to monitor annually	428	509	1	\$1,000	\$509,000	none
to monitor quarterly for the detected contaminant(s)	45	45	none	\$200	\$36,000	none
<b>Dioxin waiver issued to systems serving &lt;3301 population</b>	3,000 <sup>(3)</sup>	4,200 <sup>(4)</sup>	4	\$450	\$7,560,000	
<b>Statewide waiver for diquat, endothall, glyphosate, EDB, DBCP, and dioxin<sup>(2)</sup></b>	3,200 <sup>(3)</sup>	4,480 <sup>(4)</sup>	1 or 2 <sup>(5)</sup>	\$750		\$3,332,000
<b>Total Saving</b>					\$16,718,000	\$3,332,000

(1) Water systems must apply for the waiver to the State. Systems serving more than 3300 population were not eligible for the waiver.

(2) Statewide waiver was issued on Nov 20, 1995. We assume no systems receive the benefit in 1995.

(3) Estimated number

(4) Based on the estimation that there is 1.4 entry point per system

(5) Systems serving more than 3301 population are required to do 2 tests every three years

# Inorganic Chemical Summary (Groundwater Systems) - Potential Savings on IOC Water Testing

(As of November 1996)

Estimated Number of Entry Points Qualifying for Reduced Monitoring	Frequency: One Every Three Years	Estimated Cost Per Sample	Estimated Total/Annualized Cost Based on Three Year Cycle	Estimated Total/Annualized Cost Based on Nine Year Cycle	Estimated Total Savings Over Next Nine Years
1415 Entry Points <sup>(1)</sup>	1	\$225	\$318,465 / 3 yrs  \$106,155	\$318,465 / 9 yrs  \$35,385	(\$106,155-\$35,385) x 9 yrs  \$636,930

(1) 1,011 systems X 1.4 estimated entry points per system

# Asbestos Summary - Potential Savings on Asbestos Water Testing

(As of November 1996)

Initial number of entry points needed to test	Samples Required	Estimated Cost Per Sample	Estimated Total Cost for Initial Monitoring	Number of Entry Points Vulnerable to Asbestos	Estimated Cost to Vulnerable Systems	Estimated Savings to Non-vulnerable Systems
4900 <sup>(1)</sup>	1	\$125	\$612,500	1464 <sup>(2)</sup>	\$183,050	\$429,450

(1) 3,500 water systems X 1.4 estimated entry points per system

(2) 1,046 water systems vulnerable to asbestos X 1.4 estimated entry points per system

# Coliform Summary-Potential Savings on TNC\* Water Systems

(As of November 1996)

Estimated Number of TNC water Systems	Samples Required per Year	Estimated Cost per Sample	Estimated Annual cost per System	Estimated Annual Cost Based on Quarterly Sampling	Annual Savings
5,000	4	\$20	\$80	\$400,000	
5,000	1	\$20	\$20	\$100,000	\$300,000

\* Transient Non-Community



APPENDIX D

LEGISLATIVE PROPOSAL 1

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

S/H

D

97-RF-001

THIS IS A DRAFT 27-JAN-97 12:23:14

Short Title: Continue Water Issues Study

(Public)

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Sponsors:

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Referred to:

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1                                   A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION TO  
3 CONTINUE ITS STUDY OF WATER ISSUES  
4                   Whereas, the Legislative Research Commission's Study  
5 Committee on Water Issues has been diligently addressing the  
6 public health concerns and the concerns of the regulated  
7 community raised by the federal Safe Drinking Water Act; and  
8                   Whereas, the federal Safe Drinking Water Act Amendments  
9 of 1996 were enacted into law on August 6, 1996 and those  
10 amendments will have a substantial impact on water supply systems  
11 in North Carolina; and  
12                   Whereas, other issues affecting the State's water  
13 supply, including water conservation, water supply system  
14 infrastructure needs, and other surface and ground water issues  
15 remain to be studied; NOW THEREFORE;  
16 The General Assembly of North Carolina enacts:  
17                   Section 1. The Legislative Research Commission may  
18 study issues relating to the Safe Drinking Water Act and the Safe  
19 Drinking Water Act Amendments of 1996, water conservation issues,

1 and other water supply and water quality issues relevant to the  
2 State's water resources.

3           Sec. 2. The Legislative Research Commission may make  
4 its recommendations and submit an interim report to the 1997  
5 General Assembly, Regular Session 1998, and may make a final  
6 report to the 1999 General Assembly.

7           Sec. 3. This act is effective when it becomes law.

8

